

FAST FACTS

- ◆ Read the ad carefully when considering an advertised special.
- ◆ Call or visit the dealer to find out about all the terms and conditions of the offer.
- ◆ Ask if the financing requires a larger-than-usual down payment.
- ◆ Find out if there are limits on the length of the loan.
- ◆ Ask if a low rate applies to all cars. Ask if the offer applies only to certain models.
- ◆ Read your invoice and the installment contract carefully.

READING BETWEEN THE LINES

Many new car dealers advertise unusually low interest rates and other special promotions. Ads promising high trade-in allowances and free or low-cost options may help you shop, but finding the best deal requires careful comparisons.

Many factors determine whether a special offer provides genuine savings. The interest rate, for example, is only part of the car dealer's financing package. Terms like the size of the downpayment also affect the total financing cost.

QUESTIONS ABOUT LOW INTEREST LOANS

A call or visit to a dealer should help clarify details about low interest loans. Consider asking these questions:

Will I be charged a higher price for the car to qualify for the low-rate financing?

Would the price be lower if I paid cash, or supplied my own financing from my bank or credit union?

Does the financing require a larger-than-usual downpayment? Perhaps 25 or 30 percent?

Are there limits on the length of the loan? Will I be required to repay the loan in a condensed period of time, say 24 or 36 months?

Is there a significant balloon payment —possibly several thousand dollars — due at the end of the loan?

Do I have to buy special or extra merchandise or services such as rust-proofing, an extended warranty, or a service contract to qualify for a low-interest loan?

Is the financing available for a limited time only? Some merchants limit special deals to a few days or require that you take delivery by a certain date.

Does the low rate apply to all cars in stock or only to certain models?

Will I be required to give the dealer the manufacturer's rebate to qualify for financing?

QUESTIONS ABOUT OTHER PROMOTIONS

Other special promotions include high trade-in allowances and free or low-cost options. Some dealers promise to sell the car for a stated amount over the dealer's invoice. Questions like these can help you determine whether special promotions offer genuine value.

Does the advertised trade-in allowance apply to all cars, regardless of their condition? Are there any deductions for high mileage, dents, or rust?

Does the larger trade-in allowance make the cost of the new car higher than it would be without the trade-in? You might be giving back the big trade-in allowance by paying more for the new car.

Is the dealer who offers a high trade-in allowance and free or low-cost options giving you a better price on the car than another dealer who doesn't offer promotions?

Does the "dealer's invoice" reflect the actual amount that the dealer pays the manufacturer? You can consult consumer or automotive publications for information about what the dealer pays.

Does the "dealer's invoice" include the cost of options, such as rustproofing or waterproofing, that already have been added to the car? Is one dealer charging more for these options than others?

Does the dealer have cars in stock that have no expensive options? If not, will the dealer order one for you?

Are the special offers available if you order a car instead of buying one off the lot?

Can you take advantage of all special offers simultaneously?

REMEMBER. . .

You're not limited to the financing options offered by a particular dealer. Before you commit to a deal, check to see what type of loan you can arrange with your bank or credit union.

Once you decide which dealer offers the car and financing you want, read the invoice and the installment contract carefully. Check to see that all the terms of the contract reflect the agreement you made with the dealer. If they don't, get a written explanation before you sign. Careful shopping will help you decide what car, options, and financing are best for you.

For More Information

If you have questions or complaints about car ad offers, contact: Consumer Response Center, Federal Trade Commission, Washington, D.C. 20580, 202-326-2222; TDD: 202-326-2502.

While the FTC doesn't resolve individual disputes, complaints about car ads help the FTC in its law enforcement efforts.



The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

Answers to Credit Problems
Applying for Credit
At Home Shopping Rights
Bankruptcy Facts
Buried in Debt
Car Financing Scams
Charge Card Fraud
Choosing A Credit Card
Co-Signing
Credit and Divorce
Credit and Older Consumers
Deep in Debt?
Equal Credit Opportunity
Fair Credit Reporting
Fair Debt Collection
Gold Cards
Hang up on Fraud
High Rate Mortgages
Home Equity Credit Lines
How to Avoid Bankruptcy
Indiana Uniform Consumer Credit Code
Look Before you Lease
Mortgage Loans
Repossession
Reverse Mortgage Loans
Rule of 78s – What is it?
Scoring for Credit
Shopping for Credit
Using Credit Cards
Variable Rate Credit
What is a Budget?
What is the DFI?

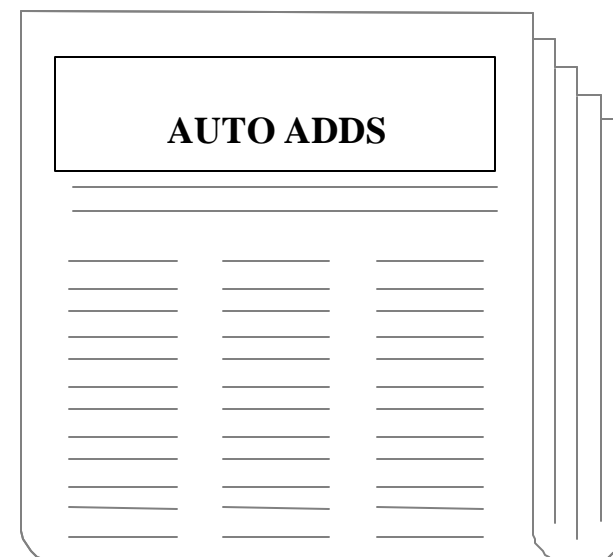
Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information.



DEPARTMENT OF FINANCIAL INSTITUTIONS
Consumer Credit Division
30 South Meridian Street, Suite 300
Indianapolis, Indiana 46204

AUTO ADS

Low Interest Loans and Other Offers



DEPARTMENT OF FINANCIAL INSTITUTIONS

Consumer Credit Division
30 South Meridian Street, Suite 300
Indianapolis, Indiana 46204
317-232-3955
1-800-382-4880

